



Foreign Agricultural Service

GAIN Report

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Hong Kong

Promotion Opportunities

Annual

2001

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The promotional activities listed below are provided for informational purposes only. No endorsement should be implied unless specifically stated. Terms and conditions of participation are the responsibility of the activity organizer.

SECTION 1 : OTHER TRADE SHOWS

October 9-11, 2001: Interstoff Asia Autumn, Hall 1, Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong. Organizer: Cotton Council International, 20th Floor, Zoroastrian Building, 101 Leighton Road, Causeway Bay, Hong Kong. Tel: (852) 2890-2755, Fax: (852) 2882-5463, E-Mail : ccihkg@attglobal.net Website: <http://www.cottonusa.org>

October 12-17, 2001: China Hi-Tech Fair Agritech 2001, Citizen's Center, Shanzhen, China. In cooperation with: Coastal International Exhibition Company Limited, Room 3808 China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. Tel: (825) 2827-6766, Fax: (825) 2827-6870, E-Mail : general@coastal.com.hk Website: www.coastal.com.hk

October 19-23, 2001: The Third International Symposium and Exposition on Fruit / Vegetable Processing Technology and Industrialization, Yantai, China. Symposium: International Convention Hall. Exposition: Yantai International Convention & Exhibition Center of China. Contact (Symposium): Technology Exchange Department of the Organizing Committee Tel: (86-535) 620-1763, Fax: (86-535) 628-0003 (Exposition): Business Promotion Department of the Organizing Committee Tel: (86-535) 628-0001 / (86-535) 628-0002 Fax: (86-535) 628-0003 E-Mail : apcc-cn@public.ytpptt.sd.cn Website: <http://www.apec-china.gov.cn>

December 6-9, 2001: The Fourth Shenzhen International Food Expo 2001 Contact: Shenzhen Food Industry Association, Room 1006, No. 1033 DongMenNanLu, Luohu district, Shenzhen, China 548001 Tel: (86-755) 233-7343 / (86-755) 233-7991, Fax: (86-755) 232-9902 E-Mail : szfood@public.szptt.net.cn Website: www.cn-szfoodexpo.com

January 24-27, 2002: Hong Kong International Food Fair, Hong Kong Convention & Exhibition Centre. Organizer: Neway International Trade Fairs Limited, 9th Floor Fortis Tower, 77 Gloucester Road, Hong Kong. Tel: (852) 2561-5566 Fax: (852) 2811-9156 E-Mail: info@newayfairs.com Website: <http://www.newayfairs.com>

March 14-17, 2002: The First International Conference and Exhibition of the Modernization of Chinese Medicine, The Hong Kong Convention & Exhibition Centre. Organizer: Modernized Chinese Medicine International Association, G.P.O. Box No. 5301, Hong Kong. Tel: (852) 2492-2713, Fax: (852) 2906-9330 E-Mail: mcmia@mcmia.org Website: www.mcmia.org

September 3-6, 2002: FHC - Food & Drink Shanghai. Shanghai Everbright Exhibition Centre, No. 88 Caobao Road, Shanghai 200233, China. Organizer: Hong Kong Exhibition Services Limited, Unit 2010, 20th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. Tel: (852) 2876-5112 / (852) 2804-1500 Fax: (852) 2528-3103 E-Mail: nancy@hkesmontnet.com.hk Website: <http://www.fhcchina.com>

SECTION 2: OTHER PROMOTIONAL ACTIVITIES

1. **Buying Missions / In-store Promotions**

We plan to continue our program of buying missions and in-store promotions in the coming year. Two of Hong Kong's major food retailers, Wellcome and JUSCO, have expressed strong interest in sending buyers to the USA in the spring of 2002.

Wellcome initiated a Fresh Foods Promotion early in FY2002, and plans to incorporate the USAs 5-a-day concept with a focus on U.S. fresh fruits & vegetables starting in March, 2002. Since Wellcome envisions a 2-year multi-promotion program, a spring 2002 visit to the USA by one of their buyers will add synergy early-on to this promotion.

JUSCO has been a reliable partner and done an excellent job of conducting USA in-store promotions for the last several summers. Once again, they plan to have a USA promotion in July 2002. A spring 2002 visit by one of their buyers would greatly add to this annual event as their buyer has never been to the USA on an FAS/SRTG sponsored trip.

2. **American Food Festival**

We plan to organize a food promotion for a full range of US food products. The objective of the promotion is to re-inforce the high-quality image of US food products among local consumers and will primarily target the local HRI sector. The proposed promotion will consist of two parts: a chef competition followed by a menu promotion.

We will explore several possible venues for the promotion. Pacific Place, Times Square, Ocean Centre and Festival Walk are some the local larger shopping centers being considered. The larger local shopping centers are all located next to subway stations and they have many shops, supermarkets, hotels, restaurants and visitors.

We will soon explore and provide more detailed information, and will recruit cooperators' participation in the event, which will be an ideal opportunity to introduce US foods to the general public and our contacts in the HRI.

3. **ATO Hong Kong's website**

We have already upgraded our website and it features information such as details of upcoming food promotion opportunities, upcoming trade missions and visitors from the US, links to searchable US online supplier databases, and updates on US trade agreements and food policies.

A postcard style direct mailing card has been sent out to our trade, government and other contacts, both in Hong Kong and the US to promote the new ATO website.

We will study the usage of the website and explore ways the website can better help provide better services to our customers.

APPENDIX : UPDATE OF KEY MARKET DEVELOPMENTS**1. Hong Kong Economy**

Hong Kong continues to be the major market of US consumer oriented products. Of all US consumer-oriented American exports to Hong Kong, poultry meat, fresh fruit, red meats and ginseng are the leading items. At present, Hong Kong has a per capita GDP at around \$24,137. However, Hong Kong's economy has turned sluggish after a transient recovery last year. The government has revised downward its forecast of GDP growth for 2001 from 3% to 1%. The economy is baffled by high unemployment (5.3%) and weak retail demand.

2. Food Retail and Restaurant Business

Despite a slow economy, Hong Kong's retained imports still increased slightly by 1% between Jan - Aug 2000 and Jan - Aug 2001. Retail sales of food in value (excluding sales in supermarkets) increased 3.4% and sales in supermarkets 1.9%. Nonetheless, price becomes consumers' top consideration at the expense of quality. As a result of such gradual change in consumption pattern, importers tend to source products which do not necessarily have the best quality, but prices of which have to be competitive.

Hong Kong people like dining out and spend over 50% of the food budget there. That explains why the number of restaurant and eating places in Hong Kong is as high as over 10,000. In the past half year, business of all eating restaurants remained unchanged in both volume and value when compared with the same period last year.

Tourism is a significant industry in Hong Kong. For the first seven months of this year, visitor arrivals already recorded 7.8 million, rising 7.4% more than last year. Tourists expenditure on eating out comprises over 14% of all restaurant businesses. Between Jan - June 2001, tourists spent over \$557 million in various Hong Kong restaurants. The tourist industry in Hong Kong, as in many other countries in the world, faces severe challenges in the latter half of 2000. However, the Hong Kong Tourism Board, with the help of the Hong Kong government, is working closely with the Chinese government to streamline application procedures for Mainland Chinese nationals to visit Hong Kong so as to help boost Hong Kong's tourism.

3. Domination of the Retail Market by the Two Major Supermarket Chains Deepens

Following the closure of Carrefour and Market Republic in the earlier part of 2000, adMart, a forerunner in on-line food retailing in Hong Kong, announced its closure on December 2000 after only a year and a half of operation. A company representative claimed that Hong Kong is not yet ready for full-fledged internet retail business and that its home delivery cost was too expensive. He said these were the two main reasons leading to adMart's failure. Guangan (KK) became the latest in a string of competitors to fall. Guangan had a total of 34 chain stores which were closed in June 2001 without

giving any prior notice. In August, Welcome announced that it bought 8 of Guangnan's stores.

The retail market continues to be dominated by two major supermarket chains, ParkNshop (200 outlets) and Welcome (252 outlets). They account for about 80% of the supermarket turnover. Both supermarkets are able to work closely with real estate developers to open stores in strategic locations, thus maintaining their significant market share.

Earlier this year, there opened a new upscale supermarket called Great Food Hall, with one outlet at the moment. It is associated with ParkNshop but products on the shelf are more upscale. Located in a commercial area, it targets at a better-off clientele. Both Great Food Hall and City Super are competing in the same market segment. Anyhow, the opening of the Great Good Hall provides an excellent retail outlet for quality US products. When new products are proved popular in this new outlet, then they can find their way easily to ParkNshop's chain stores.

4. Internet Direct Sales of Food

Currently ParkNshop, Welcome, and City Super are the three supermarkets offering grocery shopping over their websites. The service is however not attracting a lot of interest, due to the convenience of shopping in Hong Kong, security concerns and the cost of delivery. According to a survey conducted by an independent consulting company, 43% of the adult population are internet users. Only 7% of net users are online shoppers, while books are the most popular internet purchase.